



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Internal Audit Section

DR. KENNETH M. STONE, CPA
Internal Audit Executive

January 7, 2011

Michelle Darden, Executive Director
St. Louis Office of MRDD
2334 Olive
St. Louis, MO 63101

RE: Supportive Housing Program (SHP) (Project #2010-HOM10)

Dear Ms. Darden:

Enclosed is a report of the fiscal monitoring review of the St. Louis Office of MRDD, a not-for-profit organization, SHP, for the report period July 1, 2009 through January 31, 2010. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of the St. Louis Office of MRDD. Fieldwork was completed on March 8, 2010.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Department of Human Services (DHS) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Walter Danneman, Accounting Coordinator, DHS
Antoinette Triplett, Manager II - Homeless Services, DHS



CITY OF ST. LOUIS

**DEPARTMENT OF HUMAN SERVICES (DHS)
SUPPORTIVE HOUSING PROGRAM (SHP)**

**ST. LOUIS OFFICE OF MRDD
CONTRACT #55947 AND #58332
CFDA #14.235**

FISCAL MONITORING REVIEW

JULY 1, 2009 THROUGH JANUARY 31, 2010

PROJECT #2010-HOM10

DATE ISSUED: JANUARY 7, 2011

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
SUPPORTIVE HOUSING PROGRAM
ST. LOUIS OFFICE OF MRDD
FISCAL MONITORING REVIEW
JULY 1, 2009 THROUGH JANUARY 31, 2010**

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INTRODUCTION

Background

Contract Name: St. Louis Office of MRDD

Contract Numbers: 55947
58332

CFDA Number: 14.235

Contract Period: July 1, 2007 through June 30, 2010

Contract Amounts: \$580,676 (55947) The Horizon Club House
\$530,625 (58332) Great Horizons

These contracts provided funds from the Department of Human Services (DHS) Supportive Housing Program (SHP) to the St. Louis Office of MRDD (Agency) to promote the delivery of supportive housing and supportive services to assist homeless persons in the transition from homelessness to independency and permanent housing who currently reside the City of St. Louis or in locations that are more than 100 miles from the City of St. Louis.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local DHS requirements for the period July 1, 2009, through January 31, 2010, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by DHS. Evidence was tested supporting the reports the Agency submitted to DHS and other procedures were performed as considered necessary. Fieldwork was completed on March 8, 2010.

Exit Conference

An exit conference was offered to the Agency on December 9, 2010, but it was declined.

Management's Responses

The management's responses to the observations and recommendations identified in the draft report were received from the Agency on December 15, 2010. These responses have been incorporated into this report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local DHS requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2008-HOM17, issued October 21, 2008, contained three observations:

1. Opportunity to comply with DHS' procurement policy (**Resolved**)
2. Opportunity to maintain inventory of grant funded equipment (**Resolved**)
3. Opportunity to submit annual progress reports in a timely manner (**Resolved**)
4. Opportunity to ensure reimbursement request for only allowable expenditures (**Repeated**)

A-133 Status

According to a letter received from the Agency, it did not expend \$500,000 or more in federal funds in its fiscal year ended June 30, 2009; therefore, it was not required to have an A-133 audit.

Summary of Current Observations

Recommendations were made for the following observations, which if implemented could assist the Agency in fully complying with federal, state, and local DHS requirements.

1. Opportunity to maintain program capacity rate of 95%
2. Opportunity to comply with contract's requirements for allowable expenses (**Repeated**)

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

1. Opportunity To Maintain Program Capacity Rate Of 95%

The Agency did not meet the budgeted capacity rate, number of homeless persons served, for its Horizon Club Housing Project (contract #55947).

The contract required the Agency to serve 50 homeless persons at a given point in time. However, the Agency served only 37 homeless persons as of the last day of the operating year, a capacity rate of 74%.

The St. Louis City Continuum of Care Objectives, Attachment B-3, of the contract agreement between the Agency and the City states the agency has to maintain a program capacity rate of 95%.

The Agency does not have system of control in place to ensure compliance with the capacity rate requirement of the contract.

Not meeting the capacity rates defined in the contract may result in the potential loss of grant funding to the Agency.

Recommendation

It is recommended that the Agency develop and implement procedures to identify and notify the eligible clients of the availability of housing and supportive services.

Management's Response

Management does not concur with this observation.

-Our 8 transitional housing beds remain reserved for individuals who are chronically homeless and have either a developmental disability or a dual diagnosis of mental illness and substance abuse.

-The list of 50 does not have to be considered a waiting list for our transitional housing program. I will designate on the list those that are eligible for transitional housing so that we can use that internally to know who's next to move in.

-The list of 50 will now consist of those in transitional housing, those on the waiting list for transitional housing, and other members that are working with in any capacity to access services with other agencies related to housing or self-sufficiency.

-This change more accurately reflects what we're already doing at Horizon Club but haven't been capturing on our list of 50 or APR.

-Our list will be updated in January, so our monthly activity report for January will show an increase in persons served. I will include a note that this change is due to this new understanding of the list.

2. Opportunity To Comply With Contract's Requirements For Allowable Expenses

The Agency billed for payroll expenses that were not provided for in the Horizon Club Housing Project contract agreement. Specifically, in the month of October 2009, the Agency requested and received payroll reimbursements for five full-time facility monitors instead of 10 part time facility monitors. The Agency, however, did not exceed the contract's allowable payroll budget.

Operations Budget (Attachment C3) of the Horizon Club Housing Project contract only allowed for 10 part-time facility monitors.

According to the Agency, the part-time staff was promoted to full-time to help stop employee turn-over.

Requesting reimbursement for expenditures that are not in accordance with the terms and conditions of the contract agreement may result in suspension or termination of the grant funding.

Recommendation

It is recommended that the Agency establish systems of internal controls to ensure that only allowed expenditures as per the SHP contract agreement are requested for reimbursement and that when needed, the proper procedures are followed for budget revisions.

Management's Response

Management does not concur with this observation.

Our Agency has systems of internal controls to ensure that our staff bills for allowable expenditures to the SHP program. Our Agency [is] no longer of part-time club hosts, the 5 full-time club hosts that are billed to the SHP program is equivalent to the 10 part-time club hosts, it was the same cost to bill 10 part-time club hosts.

Auditors' Comments

Any changes to the terms and conditions of the grant contract must be approved by DHS in writing. The Agency did not obtain a written approval from DHS for changing its employees' status from part time to full time.